



## Proposal to Evergreen East Hills Vision Strategy Task Force

After more than two years of community and task force meetings, dozens of discussions with individual community members, and countless discussions with the City of San Jose staff from several departments, the Evergreen East Hills Housing Group (EEHHG) is proud to present its final development proposal to the Task Force. EEHHG is the coalition of property owners and developers representing the four opportunity sites.

### Background

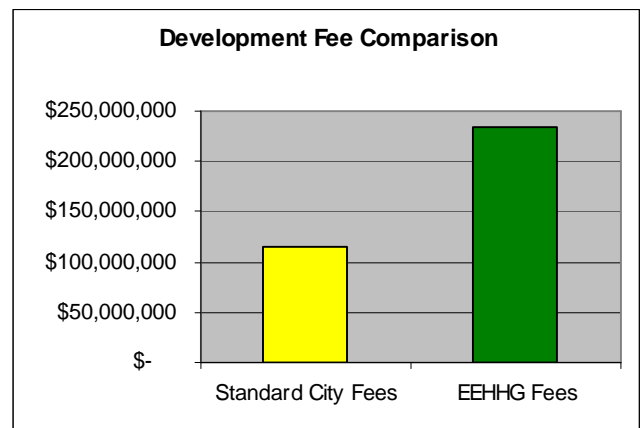
Councilmember David Cortese and the original Evergreen Visioning Project Task Force (EVPTF) requested that the EEHHG prepare and present a development proposal that would fund a certain level of amenities, school needs, and critical transportation infrastructure improvements (approximately \$235 million and an additional 47 acres in land dedications). Part of the request was to ensure our proposal incorporated and respected the “guiding principles” developed by the original EVPTF, which created baseline goals to address school impacts, diversity of housing types, protection of open space and traffic improvements.

Prior to this request, our initial development proposal called for 7,000 residential units. As a result of the community task force process, EEHHG has reduced the number of residential units by approximately 1,800.

Last year, we submitted a proposal for roughly 5,200 residential units (and 500 additional background units) that would deliver an unprecedented level of infrastructure investments and amenities, well beyond what is required of any development project in the city. Our proposal delivers privately-financed improvements to Highway 101, including the three major interchanges in Evergreen (Capitol, Tully and Yerba Buena). These projects currently do not have identified funding in place for project completion at the federal, state or local levels. In addition, we are generating enough amenity dollars to deliver parks, little league fields, open space, school sites, affordable housing and new neighborhood serving shops and restaurants.

In terms of public benefit gained from development fees from our proposal, we generate over \$120 million above what would be required of our group if existing city ordinances and guidelines were followed.

Additionally, for local schools we generate \$75 million over and above state-mandated fees for new development.



Collectively, the property owners submitting this proposal have decades of experience in building quality projects in this area. Our proposal is submitted in good faith and represents our best effort to ensure that we can deliver what we promise.

In order to be successful, our proposal must meet the realities of the market. Otherwise, promised amenities and improvements will go unrealized. Based on our collective experience in this market, and our expertise in the homebuilding field, we are confident that this proposal is financially feasible. If the housing unit count is further reduced, the project becomes economically infeasible and we would be forced to abandon it.

Evergreen East Hills Housing Group is very sensitive to the concerns of traffic impacts. As such, we are proposing approximately \$120 million worth of traffic and road improvements. **As the draft EIR states, after the traffic improvements are completed, traffic congestion essentially remains the same, with the exception at some of the Highway 101 interchanges where wait-times for drivers actually gets better<sup>1</sup>.** The EIR demonstrates that our proposed unit count will have roughly the same impact on traffic as a lower unit count proposal.

Once you factor into the equation that traffic impacts are roughly the same regardless of project scope, it becomes clear that to truly “balance the equation,” the selected proposal must withstand the realities of the market, deliver the maximum amenities possible, and respect the guiding principles. Our proposal meets those goals.

With respect to schools, we have met extensively with the three impacted school districts: Evergreen School District, Mount Pleasant School District and East Side Union High School Districts. We have listened with great care to their current and future needs and the impacts of new development on the districts. We believe our proposal fairly addresses those needs.

## **Development Proposal by Opportunity Site**

### **Former Pleasant Hills Golf Course (KB Home/SummerHill Homes)**

Identified as the “Pleasant Hills” site, this 114-acre parcel was formerly the Pleasant Hills Golf Course, which has been closed for over two years. KB Home and SummerHill Homes are jointly proposing to develop this site.

The proposal calls for 825 detached and attached residential units (675 detached and 150 attached units). The General Plan designation would be amended from Private Recreation to Medium Density Residential and Public Park/Open Space.

The Pleasant Hills site will also consist of:

- 30 acres of open space, landscape buffers and public use.
  - 11-acre land dedication for a new elementary school (Mt. Pleasant School District) and a joint-use public park with the school district.
  - 1-acre land dedication for a new city fire station.

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<sup>1</sup> Draft EIR for the “Evergreen East Hills Vision Strategy Project, Page 142

- New elementary school will be privately funded by this project.

KB Home and SummerHill Homes have conducted extensive community outreach in the surrounding neighborhood. Specific to this site, there have been multiple community meetings. KB Home and SummerHill Homes have taken great care to ensure that the design and development proposal reflects input from the community meetings. KB Home and SummerHill Homes have worked to accommodate various needs identified by the community by incorporating land for a fire station, potential school, and neighborhood park into the proposal.

### **Campus Industrial Sites (Berg & Berg Enterprises, Legacy Partners, IDS)**

Identified as the “Campus Industrial” site, this opportunity site is approximately 320 acres in size. This area was originally designated as residential in San Jose’s General Plan and was amended in the early 1980s to become Campus Industrial as part of the “Berryessa Swap.” While this site has been a failure from an industrial perspective (see attached analysis as to its viability for industrial uses), it presents an opportunity to complete the existing residential neighborhood (all sides are bordered currently by homes).

The Campus Industrial site proposes approximately 2,000 residential units. In addition, the site will consist of the following:

- 21 acres for K-8 and a joint-use sports park.
  - Park use will include baseball diamonds and soccer fields.
- 56 acres of open space, trails, neighborhood parks and public use.

Taken together, the Industrial Sites contribute over 55% of the infrastructure/amenity funds. Thus, failure to allow residential on these sites renders the entire EEHVS project financially infeasible.

In anticipation of concerns regarding the impact of building housing on the industrial sites to the General Fund, we commissioned an independent fiscal analysis by CBRE Consulting (previously submitted to the Task Force) which demonstrates that even after looking out over a 30-year period, with very aggressive assumptions on industrial development potential, our proposal has a net positive impact on the General Fund.

### **Arcadia Site (Arcadia Homes)**

This 81-acre parcel currently has development rights and traffic allocations to allow the construction of 218 new homes. Realizing that this would be an inefficient use of this site, Arcadia homes is proposing an exciting mixed-use project at this location.

Our final proposal calls for 1,875 multi-family units and approximately 100,000 square feet of commercial retail. Because the Arcadia site is in one of the City’s Strong Neighborhood Initiative areas, 20% of the housing produced will be set aside as deed-restricted affordable housing that meets the City’s affordable housing definitions. Additionally, a significant number of the units on the Arcadia site will likely be rental units, adding to the District 8 pool of affordable rental homes, which the area currently lacks.

The Arcadia site will also consist of:

- 11.25 acres for active adult sports park.
- 30-acre public use, open space master plan consisting of 5 acres of land dedication from Arcadia, 5 acres of existing City Meadow Fair Park and 20 acres dedicated from the Evergreen School District's existing LeyVa Middle School. This Master Plan will deliver:
  - New K-6 school.
  - 30,000 square-foot joint-use community center with the District
  - Joint-use play fields.
  - 4-diamond Little League complex with exclusive use by Evergreen Little League (includes restrooms, snack shack, fenced-in fields).
  - Renovation of existing LeyVa Middle School.

### **Evergreen Valley Community College Site (San Jose Evergreen Community College District)**

This 26-acre site is currently owned by the San Jose Evergreen Community College District and is adjacent to the District's existing shopping center. The District intends to retain ownership of the site.

Our proposal includes a total of 500 multi-family units, 40% of which the District intends to reserve as deed-restricted affordable housing that meets the City's affordable housing criteria. Additionally, we propose approximately 195,000 square feet of commercial retail/commercial office space without restrictions.

The Evergreen Valley Community College will also consider a land dedication for a new city library.

### **“Background Units”**

In addition to the 5,200 residential units proposed by the EEHHG, we are proposing an additional 500 residential “background units,” as suggested by City Staff for future in-fill development possibilities. Given the significant level of investment borne by the EEHHG in terms of infrastructure, amenities and school district support, and the roughly \$8 million spent thus far on planning costs to public agencies, we feel it is appropriate to request the “background units” to pay fees commensurate with the fees of the EEHHG. The economic viability of this proposal assumes that the “background units” will pay their fair share of fees and costs.

## **Addressing the Needs of Schools**

A major concern voiced by many in the community is the impact of development on local schools. The Evergreen East Hills Housing Group has taken this issue seriously. Over the last several months, we have worked vigorously with the three affected school districts, Evergreen School District, Mt. Pleasant School District, and East Side Union High School District to address their identified needs.

Attempting to balance the needs expressed by school districts with the community's desire for certain amenities and the project's financial feasibility has been a daunting challenge. This is the area of our proposal that has changed most dramatically since we originally filed our development applications.

These proposals are aimed at addressing current and future needs and the impacts of the new development.

### **Evergreen School District**

Over the past several months, representatives from the EEHHG have met with the Evergreen School District to incorporate substantial changes from our original submittal. The District is likely to see new student generation from three opportunity sites: Campus Industrial, Arcadia and Evergreen Valley College. The largest source of new students will be the Campus Industrial site.

A school site on the Industrial sites has been a component of our plans since the beginning of this process, however at a much reduced scale (5 acre school and 5 acre joint use park) than we are currently proposing.

After extensive discussions with the District, the EEHHG and the Evergreen School District are proposing a land dedication of 21 acres for K-8 school use and a joint-use park which will include baseball diamonds and soccer fields.

In addition to the Campus Industrial Site, a new school site, which was not anticipated earlier, is being proposed on the Arcadia site.

We are proposing the following on the Arcadia site:

- 30-acre public use, open space master plan consisting of 5 acres of land dedication from Arcadia, 5 acres of existing City Meadow Fair Park and 20 acres dedicated from the Evergreen School District's existing LeyVa Middle School. This Master Plan will deliver:
  - New K-6 school.
  - 30,000 square-foot joint-use community center with school District.
  - Joint-use play fields.
  - 4-diamond Little League complex with exclusive use by Evergreen Little League (includes restrooms, snack shack, fenced-in fields).
  - Renovation of existing LeyVa Middle School.

The costs for construction of the school will come from school impact fees paid by developers, land dedications by the developers, state and local bond funds accessed by the school district, and additional gap financing paid for by the developers.

This is a comprehensive approach to addressing the Evergreen School District's needs that makes the best use of District resources, land and fees that the EEHHG can generate.

### **Mt. Pleasant School District**

Discussions with the Mt. Pleasant School District have been ongoing for the past year. Mt. Pleasant School District is likely to see new student generation from one opportunity site, Pleasant Hills.

To address the needs of Mt. Pleasant, the EEHHG is proposing the following:

- 11-acre land dedication for a new elementary school and a joint-use public park with school district.
- New elementary school construction will be privately funded by this project.<sup>2</sup>

It is important to note that according to Mt. Pleasant School District officials, Pleasant Hills must build at least 600 new units to trigger the need for a new school.

### **East Side Union High School District**

The issue of whether the East Side Union High School District (ESUHSD) needs a new high school in the Evergreen area has been a point of debate throughout the Task Force process. According to the District's demographer, our proposal does not trigger the need for a new high school. This has been supported by statements made to us and to the public by senior District officials, stating that a new school is not needed, and that even if there were land available, the district couldn't afford to obtain, construct and/or operate it.

As the District's demographer pointed out, there are several schools that are significantly underpopulated throughout the district. This problem requires, first and foremost, the changing of school boundaries to help equalize the student population at existing schools.

Our discussions with officials from ESUHSD have focused on how we can contribute towards improving existing school campuses and help them build capacity at those campuses.

A requirement to dedicate 50 acres of property for a new high school will make the entire EEHHG proposal financially infeasible. We would not be able to move forward if this is a condition of approval.

**In summary, our proposal for addressing the current and future needs of the three school districts goes significantly beyond normal state requirements. In total, we are contributing over 20 acres of land, and a total compensation package that is \$75 million above what the state mandates for new development.**

## **Addressing Traffic**

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<sup>2</sup> KB Home and SummerHill Homes have agreed to place a financing district on the new homes developed. This allows the Mt. Pleasant School District to construct the school without having to pass a new bond measure.

Traffic congestion is a critical concern to both the community and to the EEHHG. As such, our proposal contemplates a significant amount of the dollars generated from each opportunity site going towards traffic relief and infrastructure projects.

Before getting to the key list of traffic impacts, we want to highlight the conclusions of the Environmental Impact Report with regards to traffic impacts:

- Traffic impacts are similar regardless of the residential scenario (3,600 units vs. 5,700 units has roughly the same traffic impact.).
- **“Wait times” at US 101 on-ramps actually get shorter than they are today (Tully, Capitol & Yerba Buena interchanges).**<sup>3</sup>
- 90 of 99 intersections studied will operate at acceptable levels.
- Overall impact difference (difference based on 3,600 vs. 5,700 development scenario) at 9 affected intersections is measured in seconds.
- Residential scenarios have a significant impact on only 6 of 99 intersections, while industrial retention scenario has an impact on 7 of 99 intersections.
- **The “wait time” difference at the 6 intersections affected by residential development (3600 units vs. 5,700) averages only 7 seconds.**<sup>4</sup>

As you can see by the conclusions in the EIR, the difference in traffic impact between the 3,600 units vs. 5,700 units is virtually non-existent. This is the result of the significant transportation investment contemplated for the area, the relatively small difference in unit numbers when compared to the entire area, and the large geographic area encompassed by the proposal.

### **Traffic Infrastructure Investment**

#### Operational Improvements on U.S. 101

The following improvements will be constructed on U.S. 101 between the I-280/I-680 interchange and the Yerba Buena Road interchange:

- An additional lane in the southbound direction from just south of Story Road to Yerba Buena Road.
- Reconfiguration of the U.S. 101/Tully Road interchange, converting the interchange from a full cloverleaf design to a partial cloverleaf design.
- Reconfiguration of the U.S. 101/Capitol Expressway interchange, converting the interchange from a full cloverleaf design to a partial cloverleaf design.
- An auxiliary lane<sup>5</sup> in the Southbound direction between the Tully Road and Capitol Expressway interchanges.

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<sup>3</sup> Draft EIR for the “Evergreen East Hills Vision Strategy Project, Page 142.

<sup>4</sup> Draft EIR for the “Evergreen East Hills Vision Strategy Project, Page 135, Table 26.



- Modification of the Northbound on-ramp at the U.S. 101/Yerba Buena Road interchange, to allow traffic from Yerba Buena Road to enter the freeway before Capitol Expressway.
- Modification of the Southbound off-ramp at the U.S. 101/Yerba Buena Road interchange, to allow traffic to exit the freeway after Capitol Expressway.

In addition to the Highway 101 improvements, the following road improvements will be made:

### **Street Widenings**

- Widening of White Road between Ocala Avenue and Aborn Road
- Widening of Ocala Avenue between Capitol Expressway and White Road
- Improvements along Capitol Expressway between Quimby Road and U.S. 101

### **Intersection Improvements**

- White Road/Ocala Avenue/Marten Avenue
- White Road/Tully Road
- White Road/Norwood Avenue
- White Road/Quimby Road
- White Road/Stevens Lane
- White Road/Aborn Road/San Felipe Road
- Yerba Buena Road/San Felipe Road
- Yerba Buena Road/Silver Creek Road
- King Road/Tully Road
- Aborn Road/Ruby Avenue
- Capitol Expressway/Quimby Road

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<sup>5</sup>An auxiliary lane typically extends between two adjacent interchanges. It improves weaving and overall freeway operations. It is not a "thru" lane; traffic in an auxiliary lane must either merge into the adjacent thru lane or exit the freeway at the next off-ramp.



- Capitol Expressway/Aborn Road
- Capitol Expressway/Silver Creek Road
- Capitol Expressway/McLaughlin Avenue

We believe the traffic improvements listed above are absolutely critical to the successful development of the project and to preserving the quality of life residents in the area already enjoy. Traffic is a constant issue in San Jose, and it will likely get worse regardless of whether or not the EEHHVS is built out.

Without the development of the project, it is likely that most of these improvements will be needed anyway. However, we are unaware of any funding plan to ensure the completion of these projects. We believe our proposal accomplishes this critical goal and allows the City of San Jose to advance other regional projects higher up the priority list for state/federal funding because these projects are privately financed.

## **SUMMARY**

The EVP/EEHVS process has been the most extensive public process in which any of our members have participated. We feel that after nearly three years of public engagement and debate, extensive dialogue with the City of San Jose staff, the Valley Transportation Authority, the County of Santa Clara, three school district administrations, and countless other stakeholders, everyone's concerns and interests have been expressed and made public. This is a testament to the process through which we have all worked together.

We have spent countless hours refining our proposal based on public input, concerns raised by stakeholders and to align ourselves with the guiding principles. We understand that this proposal will not completely satisfy all interested parties. However, we believe this proposal represents our best-faith effort to maximize public benefit and minimize impacts while remaining financially viable. We look forward to discussing this proposal in greater detail with you.